

<i>In the Matter of</i>)	No. G 01-34
<i>The Market Conduct Examination of</i>)	FINDINGS, CONCLUSIONS,
American & Foreign Insurance Company)	AND AMENDED ORDER ADOPTING
Globe Indemnity Company)	REPORT
Royal Insurance Company of)	OF
America)	MARKET CONDUCT
Royal Indemnity Company)	EXAMINATION
Safeguard Insurance Company)	

Foreign Insurers.

On July 31, 2001, an order was entered in this matter adopting a Report of Market Conduct Examination of Royal & SunAlliance and Affiliates. Through an oversight, that order incorrectly stated that all companies subject to the Report of Market Conduct Examination were domiciled in Illinois. Only for the purpose of correcting the statement of domicile of the companies subject to the Report of Market Conduct Examination, the order entered on July 31, 2001, is withdrawn and the following order is entered, effective as if it were entered on July 31, 2001.

BACKGROUND

An examination of the market conduct of **Royal & SunAlliance and Affiliates** (the Companies) as of May 31, 2000, was conducted by examiners of the Washington Office of the Insurance Commissioner (OIC). The Companies each hold a Washington certificate of authority as stock insurers. They are domiciled as follows: American & Foreign Insurance Company, Globe Indemnity Company and Royal Indemnity Company-Delaware; Royal Insurance Company of America-Illinois; Safeguard Insurance Company-Connecticut. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions, and comments and recommendations was transmitted to the Companies for comments on May 1, 2001. The response to the report is attached to this order only for the purpose of providing convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners' work papers, and submissions by the Companies.

Subject to the right of the Companies to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 3 through 25 of the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct examination of **Royal & SunAlliance and Affiliates** and to order the Companies to take the actions described in the Instructions and Recommendations section of the report. The Commissioner acknowledges that the Companies may have implemented the Instructions prior to the date of this order. The Instructions in the report are an appropriate response to the matters found in the examination.

ORDER

The market conduct examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Companies are ordered as follows, this being the Instructions and Recommendations contained in the examination report on page 18.

1. The companies are ordered to establish procedures that ensure compliance with RCW 48.17.160 and that all agents are licensed, properly appointed, and the filing fee has been paid as required by RCW 48.14.010. (Instruction 1, Report Page 9)
2. The companies are ordered to establish procedures that ensure compliance with RCW 48.05.190(1) and that policy documents and correspondence correctly identify the legal name of the insuring company. (Instruction 2, Report Page 10)
3. The companies are ordered to ensure that all binders correctly identify the legal name of the insuring company as required in WAC 284-30-560. (Instruction 5, Report Page 12)
4. The companies are ordered to file and obtain approval for all forms not exempt under RCW 48.18.103 as required by RCW 48.18.100(1).

(Instruction 6, Report Page 15)

5. The companies are ordered to establish procedures to comply with RCW 48.19.040(6) regarding filings, rating plans and application of approved rates. (Instruction 7, Report Page 16)
6. The companies are ordered to establish procedures to ensure compliance with RCW 48.22.030 and that the insured has signed underinsured motorist rejection forms or selection of lower limit forms as required. (Instruction 3, Report Page 11)
7. The companies are ordered to establish and follow procedures to ensure compliance with all rating requirements stated in WAC 284-24-100(2), (3), (5) and (7). (Instruction 4, Report Page 12)

IT IS FURTHER ORDERED THAT the Companies file with the Chief Market Conduct Examiner, within 90 days of the date of this order, a detailed report specifying how the Company has addressed each of the requirements of this order.

ENTERED at Olympia, Washington, this 6th day of September, 2001, to be effective July 31, 2001.

MIKE KREIDLER
Insurance Commissioner